

Message Text

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ACTION PM-07

INFO OCT-01 EA-11 ISO-00 NSC-07 SP-03 SS-20 RSC-01 CIAE-00

INR-10 NSAE-00 L-03 AID-20 IGA-02 TRSE-00 OMB-01

DRC-01 /087 W

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P R 190614Z JUN 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 2905

INFO CINCPAC/POLAD

DOD

C O N F I D E N T I A L JAKARTA 7528

E.O. 11652: GDS

TAGS: MASS, PBOR, ID

SUBJECT: MAP/FMS FOR INDONESIA

REFS: A. JAKARTA 6701; B. STATE 129042; C. STATE 116056

1. AMBASSADOR CALLED ON LTGEN HASNAN HABIB JUNE 19 AND INFORMED HIM THAT (A) CAMBODIAN NEEDS HAD REQUIRED REDUCTION IN GRANT MAP FOR FY 74 TO \$12.2 MILLION (PLUS SUPPLY OPERATIONS), (B) FMS CREDIT FIGURE FOR FY 74 INCREASED FROM \$2.5 MILLION (REF A) TO \$3.5 MILLION, AND (C) PRICE FOR FIRST C-130B 2,552,000 (PLUS NORMAL TWO PERCENT FMS ACCESSORIAL CHARGE, AND FERRYING FEES IF USAF CREW FLIES IT TO INDONESIA - REF B). AMBASSADOR EMPHASIZED SPECIAL EFFORT MADE WITHIN USG TO BE ABLE TO OFFER C-130B ON SUCH ATTRACTIVE TERMS. HE SUGGESTED THAT, TO EXPEDITE FORMALITIES, IT WOULD BE HELPFUL IF GOI COULD AUTHORIZE ITS WASHINGTON EMBASSY ASAP TO NEGOTIATE AND SIGN FMS CREDIT AGREEMENT. HE ALSO NOTED THAT REDUCTION IN GRANT MAP 28)\$ 4317843 HANKAM'S MAKING DECISIONS ON PRIORITIES ON A FAIRLY URGENT BASIS.

2. HASNAN HABIB DID NOT APPEAR TOO SURPRISED OVER
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REDUCTION IN GRANT MAP (HE IS PERHAPS BEST INFORMED

INDONESIAN MILITARY OFFICER ON US FOREIGN AID MATTERS). HE WELCOMED INCREASED FMS CREDIT AND OFFER OF C-130B, INDICATING HE FULLY AWARE OF MAJOR EFFORT MADE TO PROVIDE PLANES TO INDONESIA. HE SAID HE HAD ALREADY BEEN IN CONTACT WITH DEPARTMENT OF FINANCE TO OBTAIN AUTHORITY FOR INDONESIA EMBASSY (PROBABLY DEFENSE ATTACHE NIKLANI) TO NEGOTIATE FMS CREDIT AGREEMENT AND WOULD REDOUBLE HIS EFFORTS TO EXPEDITE PROCESS SO THAT AGREEMENT CAN BE SIGNED NEXT WEEK. HE ASKED IF FMS AGREEMENT HAD TO INCLUDE NOTATION OF SPECIFIC ITEMS BEING PURCHASED, AND WE REPLIED THAT IT SHOULD, ALTHOUGH THERE SOME FLEXIBILITY ON MINOR ITEMS. HE FURTHER INQUIRED INTO POSSIBILITY OF GRACE PERIOD BEFORE REPAYMENT STARTS.

3. COMMENT: GREATLY APPRECIATE WASHINGTON EFFORTS WHICH MADE IT POSSIBLE TO COUPLE NEWS OF INCREASED FMS CREDIT AND ATTRACTIVE OFFER OF C-130B WITH THAT CONCERNING REDUCED GRANT MAP FOR FY 74. WE WILL BE WORKING CLOSELY WITH HANKAM TO INSURE ACCOMPLISHMENT NECESSARY FMS FORMALITIES PRIOR JUNE 30.
NEWSOM

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Message Attributes

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